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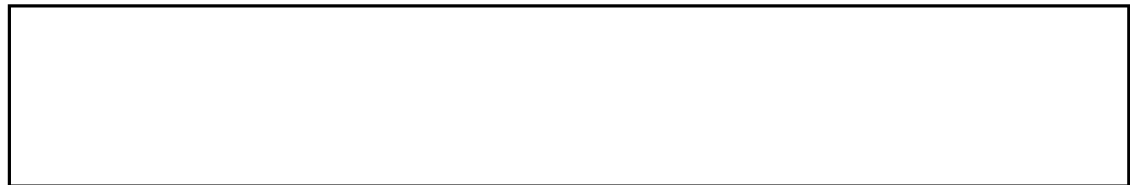


DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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**South Vietnam:** President Thieu's political agility will be further tested following Tran Van Huong's resignation as prime minister, even though Huong's departure removes one of the main obstacles to the formation of a new cabinet.

The move came about in part because of Huong's persistent opposition to the President's plans for bringing more politicians into the government. Thieu still faces more hurdles, however, in trying to come up with the kind of cross section of politicians he wants and in making them acceptable to all the forces jockeying for places of influence.

General Tran Thien Khiem, the current deputy prime minister and an old war horse in post-Diem politicking, seems to be the leading contender to succeed Huong. He has been Thieu's personal choice for the job for some time. Thieu anticipates criticism if he picks another general for the top cabinet post, but he claims that Khiem is well qualified because he is a southerner, has the sympathy of the military, and may be able to get along with the National Assembly better than Huong.

\* \* \* \*

Several scattered shellings of allied installations occurred on 22 August, but ground fighting generally remained light. Eleven Communist rockets struck the Da Nang airbase, killing one American and wounding 41; small shellings also took place in Tam Ky and Hue.

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Arab States - Israel: The Arab world is seething in the aftermath of the al-Aqsa fire, but no serious violence has yet occurred.

Israeli police are holding a suspect, an Australian Christian, who they claim is responsible for starting the fire. [REDACTED]

[REDACTED] Israeli officials moved as swiftly as possible to determine the cause of the fire because of the potential explosiveness of the incident among Arabs in Israeli-held territory.

Anti-Israeli demonstrations broke out in Jerusalem for the second day, but ended quickly when Israeli security forces fired warning shots into the air. In Nablus, in the Israeli-occupied West Bank region, Israeli troops dispersed demonstrators. The only reported injury thus far was that of an Israeli security officer who was hurt in Jerusalem. In Amman, where a crowd of some 2-3,000 people were harangued by fedayeen and conservative Muslim elements, extensive security precautions by the government prevented the crowd from getting out of hand.

[ At the UN, the delegates from Muslim countries, who appealed yesterday for a UN inquiry into the incident, may join Jordanian Foreign Minister Rifai and Tunisian Foreign Minister Bourguiba in a call for a Security Council meeting. ] They may also seek to reopen the debate on Israel's annexation of East Jerusalem. [REDACTED]

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Cambodia: The Lon Nol government has made its first important move toward economic reform.

Less than a week after taking over, the government has announced that the riel will be devalued by some 37 percent. Although spurred in part by the recent French precedent, devaluation of the riel has long been recognized by Cambodian and foreign economists as a necessary first step toward solving the country's economic problems.

By more accurately reflecting the riel's purchasing power, devaluation may enable the government to relax some foreign trade and exchange controls and may help attract foreign investment. It should also help the Cambodian balance of trade by encouraging exports through lower costs to foreign purchasers and by discouraging imports. Improvements in this area will be slow, however, because Phnom Penh is already selling as much of its major exports--rice, rubber, and corn--as it can.

Although off to an auspicious start, the government has barely begun to implement the range of economic reforms necessary for more economic progress. Denationalization of certain sectors of the economy may be tried next, but it would probably be some time before such measures will have an appreciable effect on the economy's performance. The alacrity with which the government devalued its currency is a clear sign that it enjoys, at least for the present, Sihanouk's strong support. [REDACTED]

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Guyana-Surinam: Guyana's seizure of a Surinam airstrip earlier this week is posing a frustrating problem for Surinam's interim government.

An angry Surinam public is demanding action but Minister-President Arthur May must await a decision by the Dutch government before he can move. The Surinamers are not confident that Guyana will accede to the Dutch request that it withdraw its troops, and the government is preparing to retaliate by closing the lower Courentyne River to Guyanese traffic, [REDACTED] Many Surinamers are angry with the Netherlands for its failure to send troops to defend the disputed area. As a result, the independence issue has again been brought to the fore.

The Dutch desire to avoid involvement is probably leading some Surinam officials to consider asking the Venezuelans to assist them by applying pressure on Guyana's disputed western border. [REDACTED]  
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Turkey: Some 100,000 workers will demonstrate in Ankara on Sunday to demand higher minimum wages, broader pension rights, and other social security benefits. Conservative labor leaders organizing the rally have assured US Embassy officials that there will be no incidents affecting US personnel or property. Leftist provocateurs and radical students, nevertheless, may try to exploit the demonstration. The presence of uniformed police is to be kept to a minimum, but in view of the danger of clashes with extremist elements, security forces will be located nearby.

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